



Arnold Schwarzenegger
Governor

October 21, 2010
22:432:gsr:1324

Ms. Sofia Navarro, Chief of Staff
Spanish Speaking Unity Council
1900 Fruitvale Avenue, Suite 2B
Oakland, CA 94601

Dear Ms. Navarro:

**AMERICAN RECOVERY AND REINVESTMENT ACT
15-PERCENT PROJECT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2010-11**

This is to inform you of the results of our review for Program Year (PY) 2010-11 of the Spanish Speaking Unity Council's (SSUC) administration of its American Recovery and Reinvestment Act of 2009 (ARRA) and Workforce Investment Act (WIA) Healthcare Sector Career Initiative (HSCI) Project. This review was conducted by Mr. Gregory Ramsey from September 20, 2010 through September 22, 2010. For the program operations portion of the review, we focused primarily on the areas of program administration, participant eligibility, WIA and ARRA activities, monitoring, if applicable, and management information system/reporting. For the financial management portion of the review, we focused primarily on the areas of accounting systems, expenditures, allowable costs, cost allocation, reporting, cost pools, indirect costs, cash management, internal controls, program and interest income, single audit, if applicable, and property management. For the procurement portion of the review, we focused on procurement competition, cost and price analyses, and contract provisions.

We conducted our review under the authority of Sections 667.400(c) and 667.410(b) (1)(2)(3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SSUC with applicable federal and state laws, regulations, policies, and directives related to the WIA and ARRA grant regarding program operations, financial management and procurement.

We collected the information for this report through interviews with SSUC representatives. In addition, this report includes the results of our review of sampled case files for participants enrolled in the ARRA HSCI Project; a review of SSUC's response to Sections I and II of the Program On-Site Monitoring Guide; applicable

policies and procedures; and a review of documentation retained by SSUC for a sample of expenditures and procurements.

BACKGROUND

The SSUC was awarded \$995,302 to operate an ARRA HSCI Project to serve 110 ARRA participants from February 1, 2010 through June 30, 2011. For the period ending August 2010, SSUC reported that it spent \$71,376 to enroll 53 participants. We reviewed case files for 30 of the 53 participants enrolled in the ARRA project as of September 20, 2010.

PROGRAM REVIEW RESULTS

We conclude that, overall, SSUC is meeting applicable WIA and ARRA requirements concerning grant program administration.

FINANCIAL MANAGEMENT REVIEW RESULTS

We conclude that, overall, SSUC is meeting applicable WIA and ARRA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we conclude that, overall, SSUC is meeting applicable WIA and ARRA requirements concerning procurement, we noted an instance of noncompliance in the area of contract provisions. The finding that we identified in this area is specified below.

FINDING 1

Requirement: 20 CFR Section 667.200(d) states, in part, that all WIA grant recipients and subrecipients must comply with government-wide requirements for debarment and suspension, and the government-wide requirements for a drug-free workplace.

29 CFR Section 95.48(d) states, in part, all negotiated contracts awarded by recipients shall include a provision to the effect that the recipient, Department of Labor, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

Observation:

We conducted a review of two non-governmental contracts. First, we found that the contract with Asian Health Services was lacking the necessary contract provisions relating to debarment and suspension, and the requirements for a drug-free workplace.

Second, we found that the contract with Merritt College was lacking the necessary contract provisions relating to debarment and suspension and the requirements for a drug-free workplace as well as a provision to require the retention of records for the review by authorized representatives.

Subsequent to the review, the contract boilerplates were amended to include the necessary language and SSUC provided CRO with executed copies of the amended contracts. Therefore, we consider this finding closed.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. As you know, it is SSUC's responsibility to ensure that its systems, programs, and related activities comply with the WIA and ARRA related federal regulations, and applicable state directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SSUC's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Cynthia Parsell at (916) 654-1292.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a stylized, cursive script.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Rosy Davalos, Board of Directors Chair
Danielle Canedella, MIC 50
Kathy Meyer, MIC 50